UNITED NATIONS

TD

United Nations Conference on Trade and Development

Distr.
GENERAL

TD/B/COM.3/45
21 December 2001

Original: ENGLISH

TRADE AND DEVELOPMENT BOARD
Commission on Enterprise, Business Facilitation and Development
Sixth session
Geneva, 18-22 February 2002
Item 6 of the provisional agenda

PROGRESS REPORT ON THE IMPLEMENTATION OF THE AGREED RECOMMENDATIONS OF THE COMMISSION AT ITS FIFTH SESSION

Prepared by the UNCTAD secretariat

Executive summary

The note on "Improving the functioning and the structure of the intergovernmental machinery of UNCTAD" (TD/B/EX(24)/L.1), re-endorsed by the Trade and Development Board at its twenty-sixth executive session on 10 April 2001, stated *inter alia*: "Starting with the second session of each Commission, the fifth day of the session will be used for policy reviews of implementation by member States and the secretariat of the outcome of previous sessions, on the basis of documentation produced by the secretariat". Accordingly, the secretariat has prepared the present report, which contains information on the implementation of decisions and agreed conclusions adopted at the fifth session of the Commission on Enterprise, Business Facilitation and Development and addressed to UNCTAD. The report covers three areas: enterprise development, electronic commerce and human resources development. The section on enterprise development focuses on promoting SME–TNC linkages and improving SMEs' access to finance. The section on electronic commerce emphasizes the impact of the new economy on traditional sectors in developing countries, such as commerce and tourism. The section on human resources development and training in trade-supporting services highlights the key role that these play in promoting growth in LDCs.

GE.*0200053529* LS

ENG

1. The report of the Commission on Enterprise, Business Facilitation and Development on its fifth session (TD/B/COM.3/37) contained a number of recommendations for action by UNCTAD. These recommendations are set out below, together with the relevant action taken so far.

A. ENTERPRISE DEVELOPMENT: ENHANCING COMPETITIVENESS THROUGH PROMOTING SME–TNC LINKAGES AND IMPROVING SMEs' ACCESS TO FINANCE

2. Countries were asked to assess the recommendations in the section entitled "Enhancing the competitiveness of SMEs in the context of FDI in developing countries: Relationships between SMEs and TNCs to ensure the competitiveness of SMEs". Four responses were received from Governments. They agreed overwhelmingly that TNC–SME linkages can have a positive impact on national growth and development, in particular for enhancing the productive capacity of the enterprise sector. Some Governments have started linkage programmes that include some of the elements discussed during the Expert Meeting, such as providing information on subcontracting, assisting buyer firms seeking network sourcing and helping small and medium-sized enterprises (SMEs) achieve the quality standards necessary for entering subcontracting programmes. Governments noted that while these programmes were well developed in Asia, they did not yet exist on the required scale in Africa and Latin America. They expressed their interest in receiving any technical assistance developed as a result of the Expert Meeting. They suggested that such assistance could be put in place via programmes such as EMPRETEC and Enterprise Africa.

3. Pursuant to the recommendations of the 5th session of the Commission, the Division on Investment, Technology and Enterprise Development (DITE) made extensive efforts to collect additional examples of linkage programmes, especially those involving SMEs in developing countries and foreign affiliates of transnational corporations (TNCs). All the information collected is contained in the *World Investment Report 2001: Promoting Linkages*. In addition, DITE has drawn up a project proposal to assist countries desiring to start linkage programmes. There are two main phases: advisory services to Governments, and capacity-building and linkage generation.

4. In December 2001 UNCTAD organized a workshop in China entitled "Asian Regional Seminar and the Role of Foreign Direct Investment in Enhancing Local Firms' Competitiveness through Linkages with Transnational Corporations" as part of the Expert Meeting on foreign direct investment and development. In January 2002, UNCTAD in cooperation with the Economic Commission for Latin America and the Caribbean (ECLAC) organized an event in Chile entitled "Regional Seminar on FDI Policies in Latin America: Evaluating the Old, Contemplating the New". These workshops are part of UNCTADs efforts to exchange experiences and to disseminate information on national best practices in stimulating TNC–SME linkages on a regional level. However, organizing further regional workshops on successful linkage programmes as part of UNCTAD's advisory services to Governments would require extrabudgetary funding.

5. Pursuant to the recommendations of the 5th session of the Commission, DITE explored ways and means of promoting TNC–SME linkages within the framework of the EMPRETEC programme in order for SMEs to become more competitive. This was carried out in Phase II of the project proposal "Promoting mutually beneficial and sustainable SME–TNC linkages", in which it is proposed to make SMEs partnership-ready and to form business partnerships between SMEs and TNCs. A number of EMPRETEC directors have expressed interest in implementing such a programme in their respective countries. Again, extrabudgetary funds must be raised on a country-by-country basis to carry out this proposal.

6. During the course of 2001 intensive research took place on financing for SMEs and was reported on in the secretariat's background paper "Best practices in financial innovations for SMEs". This was reviewed and discussed by over 120 experts who attended the Expert Meeting on Improving Competitiveness of SMEs in Developing Countries: Role of Finance, including E-Finance to Enhance Enterprise Development, held in Geneva in October 2001. Work has begun on the topic of corporate governance. Among the main issues are fairness, transparency, accountability and responsibility. Therefore, work on corporate social responsibility will be done within the context of this topic. Work has been undertaken on the impact of WTO commitments on national policies for SME development and is contained in the study "The interaction between trade and enterprise development policies". Further analysis should be undertaken in the post-Doha period, particularly in developing a checklist of SME strategies that developing countries can pursue without infringing their WTO commitments.

B. CAPACITY-BUILDING IN ELECTRONIC COMMERCE: IMPACT OF THE NEW ECONOMY ON TRADITIONAL SECTORS OF DEVELOPING COUNTRIES: ELECTRONIC COMMERCE AND TOURISM

7. Pursuant to the recommendations of the 5th session of the Commission, the secretariat undertook a series of actions.

Recommendation

8. UNCTAD, within its mandate, should contribute to strengthening the ability of developing countries, particularly the least developed countries (LDCs), to develop and implement policies on e-commerce, by carrying out analytical and statistical studies on the implications, for the developing countries, of the economic, social and legal aspects of e-commerce, and in so doing, complement and enrich from the development perspective the work being carried out by other international organizations, such as the World Trade Organization, the World Tourism Organization, the International Telecommunication Union, the World Intellectual Property Organization and the United Nations Commission on International Trade Law.

Action

9. Studies were carried out on a wide range of subjects and the results were reported in the annual publication *E-Commerce and Development Report 2001*. The areas of study, with a focus on developing countries, included measuring electronic commerce, assessing the impact of countries' participation in e-commerce, e-commerce and tourism, business-to-business electronic markets, e-government, legal and regulatory developments in e-commerce, managing payment and credit risks on-line, e-logistics, and e-commerce in LDCs and in China.

Recommendation

10. UNCTAD should disseminate information to developing countries on approaches and elements of policies and best practices for e-tourism, taking into account successful experiences in the developing and developed countries.

Action

11. The background document entitled "Electronic commerce and tourism: New perspectives and challenges for developing countries" (TD/B/COM.3/EM.9/2), which had been presented to the Expert Meeting on Electronic Commerce and Tourism, was widely distributed via the Internet. More than 2,000 copies were distributed as downloads on the Internet, as well as through the normal UNCTAD distribution channels.

12. At the invitation of the Cabinet of the President of Egypt, in February 2001 UNCTAD presented the findings of its study on electronic commerce and tourism at an international conference on e-business and development in Cairo.

13. UNCTAD included in its *E-Commerce and Development Report 2001* a chapter on the application of electronic commerce in the tourism sector and its potential for developing countries. The chapter addresses the issues of structural change in the global tourism industry and the gains that developing countries may achieve if they pursue the adoption of e-commerce practice.

Recommendation

14. The secretariat should continue to organize Expert Meetings, seminars and workshops aimed at helping developing countries to learn approaches to be used in applying e-commerce in various economic sectors and activities, such as banking, transport, insurance and procurement.

Action

15. UNCTAD organized two such Expert Meetings. The first – the Expert Meeting on Electronic Commerce and International Transport Services: Best Practices for Enhancing the Competitiveness of Developing Countries – was held in Geneva from 26 to 28 September 2001. A total of 80 experts attended the meeting to examine the impact of electronic commerce on international transport services, focusing in particular on the economic, legal, documentary and capacity-building aspects involved. The secretariat had prepared a note entitled "Electronic commerce and international transport services: Enhancing the competitiveness of developing countries" (TD/B/COM.3/42). It proposed possible policy actions, as well as recommendations, at the national and international levels. The Outcome of the meeting is contained in document TD/B/COM.3/EM.12.3-TD/B/COM.3/38.

16. The second Expert Meeting – the Expert Meeting on Improving the Competitiveness of SMEs in Developing Countries: Role of Finance, including E-Finance, to Enhance Enterprise Development – was held in Geneva from 22 to 24 October 2001. Two Divisions were involved in the preparation and delivery of the meeting – the Division on Investment, Technology and Enterprise Development, for traditional finance, and the Division for Services Infrastructure for Development and Trade Efficiency, for electronic finance. A total of 120 experts attended the meeting to discuss the issues raised in the secretariat's issues paper entitled "Finance and e-finance for SMEs as a means to enhance their operations and competitiveness" (TD/B/COM.3/EM.13/2). Experts also had at their disposal the background paper by the secretariat entitled "E-finance and small and medium-size enterprises (SMEs) in developing and transition economies" (UNCTAD/SDTE/Misc.48). Experts from both developing and developed countries made presentations and submitted papers covering a wide range of issues related to SMEs' access to e-finance. The papers are available on the Electronic Commerce Branch website. Fruitful discussions led to a set of recommendations contained in document TD/B/COM.3/EM.13/L.1. The recommendations related to e-finance, including in particular the following: continuing systematic research into various on-line financial services and their impact on economic development; organizing regular forums, including regional seminars and group training, to sensitize Governments, central banks, financial service providers and the corporate sector of the developing countries and countries in transition about the advantages of electronic finance at local, regional and global levels; incorporating the aspects of e-finance that are more relevant to the needs of SMEs into the UNCTAD technical cooperation activities in the area of e-commerce, and ensuring coordination and synergies with other international organizations active in this field; and encouraging Governments, central banks and financial institutions to collect information on e-finance and using it for analysis, intergovernmental deliberations and technical cooperation.

17. In addition to the two Expert Meetings, the secretariat participated in conferences on transport, banking and legal issues. It presented a paper entitled "E-commerce for ports" at the 27th Council meeting of the Port Management Association of Eastern and Southern Africa, held in Arusha, United Republic of Tanzania, from 5 to 9 November 2001. In addition, it participated in the International Symposium on Network Economy and Economic Governance (Beijing, China, 19-20 April 2001), the International Symposium on E-

Commerce" (Ningbo, China, 19-24 April 2001) and the National Seminar on E-Commerce and Development, organized by UNCTAD and the Ministry of Foreign Affairs (Montevideo, Uruguay, 20-21 June 2001).

Recommendation

18. The secretariat should continue to raise the awareness of developing countries and collect and disseminate information through various channels, including periodical publications, about different aspects of e-commerce, including the potential benefits of e-commerce, new Internet technologies, on-line trading practices and systems, payment systems, Internet strategies, ongoing work on e-commerce carried out in other international forums, developments regarding legal and regulatory issues, and policy approaches adopted by other countries.

Action

19. This recommendation has been implemented through various activities described in other parts of this report. These include the *E-Commerce and Development Report 2001*, the Third United Nations Conference on the Least Developed Countries, Expert Meetings and participation by UNCTAD staff in seminars and workshops on e-commerce.

20. Also, an effort has been made to make the Electronic Commerce Branch website (www.unctad.org/ecommerce) more accessible and wide-reaching. It has been redesigned to improve navigability and access to publications and documents. The generic e-mail address, ecommerce@unctad.org, is serviced on a daily basis and all inquiries are answered. The content of the website is regularly updated and it is registered with all the major search engines and portals. The publication *Building Confidence: Electronic Commerce and Development* (UNCTAD/SDTE/MISC.11) was distributed in over 170,000 copies as downloads from the Internet.

21. Furthermore, the secretariat participated in a number of conferences. It participated in a conference entitled "Ethiopia in the Knowledge Age", at which it presented a paper on "The participation of developing countries in e-commerce: Selected case studies and areas with potential for success", and in various conferences organized by other international organizations such as the United Nations Economic Commission for Europe, the International Telecommunication Union, the Organisation for Economic Co-operation and Development, and the World Trade Organization.

22. Advice to Governments in the form of presentations and substantive participation was offered by staff members at various e-commerce seminars and workshops, including the international conference on emerging markets (Kuala Lumpur, Malaysia, 15-16 January 2001), the OECD conference on emerging markets (Dubai, United Arab Emirates, 15-17 January 2001), the ASYCUDA High-Level Meeting on E-Commerce and Taxation in Central/Eastern Europe (Brussels, 19-22 June 2001) and the 14th Bled e-commerce conference (Bled, Slovenia, 25-26 June 2001).

Recommendation

23. The secretariat should continue to assist developing countries in capacity-building through training courses and technical cooperation on various aspects of e-commerce generally, and in specific sectors, including e-tourism, e-transport, e-finance and enterprise development.

Action

24. On the basis of this recommendation, the secretariat is currently finalizing the development of a course on legal aspects of electronic commerce based on the TrainForTrade methodology, which will be available in 2002. It targets a wide audience of private and public sector policy makers and practitioners in developing countries, and includes a detailed description of the legal issues involved in e-commerce (including appropriate examples/case studies), the problems raised in an electronic environment and possible solutions. The following issues are covered by the course: commercial law issues/electronic contracting, electronic/digital signatures and authentication, content regulation, applicable law and jurisdiction, resolving e-commerce disputes, intellectual property issues, privacy and data protection, taxation, security, and junk e-mail and its regulation. The training package will consist of a handbook for participants, a guidebook for instructors, audio-visual aids, case studies and transparencies. Furthermore, and in accordance with the new strategy of the TrainForTrade 2000 programme, it will include a distance-learning component.

25. In addition, a course on legal aspects of international trade and electronic commerce was given in Rotterdam (27-28 June 2001) in the context of the Erasmus Professional Development Courses in Maritime Transport. Participants were awarded a certificate of attendance upon completion of the two-day course.

Recommendation

26. The secretariat should continue to assist developing countries, particularly LDCs, in identifying potential opportunities for the development of e-businesses in their countries and promote partnerships with e-businesses in developed countries.

Action

27. In preparation for the Third United Nations Conference on the LDCs (Brussels, 14-20 May 2001), the secretariat conducted a survey on electronic commerce in 10 LDCs – Bangladesh, Cambodia, Ethiopia, Madagascar, Mozambique, Myanmar, Nepal, Togo, Uganda and the United Republic of Tanzania. The main objective of the survey was to identify potential sectors that information and communication technologies (ICTs) are opening up in developing countries for economic diversification and growth, with a special focus on the LDCs.

28. The survey identified potential business opportunities resulting from the World Wide Web and web-enabled technologies, and examined ways to extend the benefits of ICTs to the LDCs. It presented enterprises from LDCs that had successfully taken advantage of the Internet. Also presented were partners, governmental and non-governmental institutions, that were currently promoting and/or supporting e-commerce initiatives at the enterprise level.

29. Successful enterprises as presented in the survey (business-to-business and business-to-consumer) demonstrated that entrepreneurs find solutions to bypass the well-known e-commerce barriers and successfully engage in e-commerce businesses. On the basis of the findings, a one-day event entitled "The Digital Economy" was held in Brussels on 18 May 2001 on the occasion of the Third United Nations Conference on the LDCs. It focused on promising sectors where developing countries, including LDCs, can have a comparative advantage in the digital era. This is the case of "off-line teleservicing" (business-to-business), which is recognized as a very viable opportunity for the LDCs. It includes transcription services, data input, software development, remote access server maintenance, web development, creation of databases, digitization of old documents (i.e. architectural drawings), translations and editing. A few case studies indicated that opportunities abound in this industry, even if the LDCs already face stiff competition from other developing countries (India, Philippines, etc.) that are also able to offer a lower-labour-cost environment. In addition to attractive low labour costs, e-commerce creates opportunities to exploit advantages deriving from the loss of economic significance of distances and the geographical location of LDCs in various time zones.

30. The event also provided the 150 participants with an opportunity to share their experiences, as well as enabling entrepreneurs from LDCs to explain their e-commerce strategies and experiences. In that regard, it helped to promote the dissemination of best practices to be implemented in e-commerce in different sectors, and increased developing countries' awareness of potential benefits of ICTs and of how to exploit the new comparative advantages created by e-commerce in the LDCs.

Recommendation

31. The secretariat should continue to assist developing countries and their destination management organizations, in cooperation with other relevant international organizations, in developing tourism portals to improve their marketing of e-commerce and e-tourism.

Action

32. UNCTAD has started to develop a technical assistance package aimed at strengthening national capacities in the developing countries in the field of on-line marketing of tourism and related services. The package was presented during the digital economy parallel event at the Third United Nations Conference on the LDCs.

33. The secretariat is currently preparing a brochure describing the package for distribution to member States for their consideration and views.

34. UNCTAD organized a mission to Mauritania in July 2001 to discuss ICT issues and a possible project to establish an e-tourism portal.

Recommendation

35. UNCTAD, within its mandate and in cooperation with other international organizations, should continue to assist countries in transition in studying e-commerce issues, capacity-building, and developing and implementing policies on various aspects of e-commerce generally, as well as on its specific sectors.

Action

36. The action taken in relation to the recommendation in paragraph 17 of this report also applies to that recommendation.

C. HUMAN RESOURCES DEVELOPMENT AND TRAINING IN TRADE-SUPPORTING SERVICES: KEY TO GROWTH WITH SPECIAL POTENTIAL FOR LDCs

37. Pursuant to the recommendations of the 5th session of the Commission, the secretariat undertook a series of actions.

Recommendation

38. Awareness-raising and dissemination of best practices should be promoted among government officials, private sector companies, relevant business associations and academic institutions through the holding of workshops, the production and dissemination of printed materials and the maintenance of web pages dedicated to human resources development (HRD) in trade-supporting services.

Action

39. This recommendation has been implemented through all the training activities undertaken by the SITE/HRD section. The core of these activities consists of training, which is one of the most appropriate instruments to raise awareness and disseminate best practices. Three training courses have been developed: (a) the Portuguese version of the Port Certificate; (b) the course on trade, development and environment; and (c) the course on the formulation and implementation of a competition law and policy.

40. Individual websites have been redesigned into a comprehensive Internet site linking individual programmes, i.e. TrainForTrade, TrainMar and the Port Certificate, to one another under the umbrella of the UNCTAD/SITE/HRD website. In addition to background information on products, services and methodology, the website features direct links

websites of technical partners, such as networks, centres and other professional institutes, either technical (ports, chamber of commerce) or academic (training institutions, universities etc.), that can provide updated information on their activities. A search engine allows users to locate existing training materials on a variety of subjects. This site and its contributors abide by an UNCTAD-approved legal protocol guiding use and supply of information.

41. Furthermore, the SITE/HRD section participated in international conferences and seminars where presentations on "TrainMar experience in dangerous goods training", "UNCTAD experience in port EDI" and "EDI and port management" were made. A paper on "Flexible and open learning: The TrainMar experience" was presented and disseminated during the XVIth International Port Training Conference, held in Rotterdam from 27 to 30 May 2001.

Recommendation

42. Complementary initiatives in HRD should be taken for international and regional cooperation, and there should be participation in existing ones in cooperation with ITC, WTO and other international organizations.

Action

43. In July 2001 a cooperation activity was undertaken between UNCTAD (TrainForTrade) and ILO for the implementation of a joint training programme aimed at mainstreaming trade issues and fundamental principles and rights at work into development policy. This cooperation comprises the design, preparation, organization and delivery of a training session to be held at the International Training Centre of the ILO in Turin on the basis of common pedagogical material that will be developed. Subsequently, this training material will be used in deliveries directly organized in the field, as part of UNCTAD's capacity-building activities.

Recommendation

44. A pilot exercise should be conducted in a particular country, with the assistance of the secretariat and external expertise, preferably from developing countries, to prepare a model policy framework for use at national level. The findings of this pilot exercise, including a review of the resulting action within the country, should be published and further reviewed at a regional workshop of HRD specialists, officials and managers, including regional organizations.

Action

45. A phased project document proposal for the "Establishment of an HRD Policy framework in trade-supporting services" was prepared and submitted to several potential

recipient countries. Activities include: (a) identification of a suitable host country by ensuring the necessary commitment; (b) preparation in the host country of an HRD framework acceptable for application in a well-defined community, including trade-supporting services; (c) application of a policy within this community which may be modified as necessary to be effective; and (d) review of achievements and exchange of experience with other countries for the definition of the model policy framework.

46. The UNCTAD secretariat has focused on obtaining the agreement of a suitable recipient country to host the project and contacting donor agencies to support project activities. At present the Government of Uganda has confirmed its willingness to implement the project and UNCTAD is looking for financial support from donor organizations.

Recommendation

47. LDCs should be assisted in adapting the model policy framework of HRD, taking into account the market needs of LDCs and their learning capacities, as well as the learning needs of individuals involved in trade-supporting services.

Action

48. Concrete proposals in the form of deliverables relating to HRD and capacity-building for LDCs were submitted to the thematic session on "Human resources development and employment" at the Third United Nations Conference on the Least Developed Countries, held in Brussels in May 2001.

49. These include projects for the reinforcement of HRD and capacity-building in the field of international trade and services structures in Togo, Guinea, Comoros, Madagascar, Cambodia and the Lao People's Democratic Republic. Activities focus on analysis of training needs in each country, the development of training courses and the evaluation of training effectiveness.

50. In addition, a joint ILO/UNCTAD capacity-building proposal to develop the necessary resources to enable the PALOP countries (Angola, Cape Verde, Guinea-Bissau, Mozambique, and Sao Tome and Principe) to increase their competitiveness in the field of international trade and environment was submitted to the recipient countries

Recommendation

51. International programmes for training the trainers should be reinforced, and help should be provided to establish or reinforce regional-based training systems so as to enhance training opportunities and optimize the use of resources, including universities.

Action

52. To reinforce training capacity in developing countries and ensure long-run sustainability, the HRD training programmes integrate a training-of-trainers component in their technical assistance activities. These cover identification, among national responsible officers, of future trainers; delivery of course developers and instructors workshops; and implementation of train-the-trainers seminars at national and subregional levels.

53. Two training-of-trainers workshops have been conducted in the framework of the Port Certificate Programme: the first in September 2001 in Ghent (Belgium) for managers of ports in French-speaking Africa; and the second one in November 2001 in Cape Verde for ports of Portuguese-speaking countries.

Recommendation

54. The role of communities in trade-supporting services and the ways in which HRD can be enhanced by cooperation across communities should be explored, and recommendations made.

Action

55. National Steering Committees, within technical assistance activities, have been established in Benin, Burkina Faso, Gabon, Mali and Senegal to bring together representatives of government ministries, the private sector, universities and institutes involved with imports and exports. This procedure has been established so as to improve dialogue among the various stakeholders and facilitate cooperation across communities.

Recommendation

56. Distance-learning techniques should be integrated into the range of measures to carry out the above activities, and assistance should be provided for the necessary infrastructures.

Action

57. Further to delivery of training through traditional methods, distance learning has been incorporated into the Port Certificate and into the TrainForTrade training programmes. On 1 October 2001 a pilot exercise in distance learning started to be implemented to train eight participants located in Senegal and Comoros for the Port Certificate. A training course on competition law and policy, consisting of four half-day sessions, was implemented in November–December 2001 for participants located in Benin, Burkina Faso and Mali.

58. A new training course on "Further training for course developers in the field of distance learning" was designed and validated in February 2001 in Antwerp (Belgium). Distance-learning activities are being added to training activities implemented by various

UNCTAD departments. Already two training seminars on "negotiation of international agreements on investment", held in Alexandria in June 2001 and in New Delhi in November 2001, have added distance-learning components such as production of pedagogical material on CD-ROMs and use of chat forums through e-platforms.

Recommendation

59. UNCTAD capacity-building programmes should be strengthened to further promote networking among countries in the field of HRD.

Action

60. In order to reinforce the efficiency of the existing networks, the activities of the three training programmes (TrainForTrade, TrainMar and Port Certificate) have been grouped under the HRD umbrella. The main instrument is the forthcoming HRD website through which information may be exchanged, and high-quality training packages may be developed, produced and updated to meet the needs of professionals in international trade.